

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Bayshore Partners, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

401 E Las Olas Boulevard, Suite 1160

(No. and Street)

Fort Lauderdale

Florida

33301

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Morrison, Brown, Argiz & Farra, LLP

(Name - if individual, state last, first, middle name)

301 E Las Olas Boulevard, 4th Floor

Fort Lauderdale

Florida

33301

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

SEC Mail Processing  
Section

MAR 02 2009

Washington, DC  
111

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Michael Turner, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bayshore Partners, LLC, as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

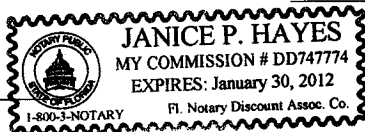
\_\_\_\_\_

\_\_\_\_\_

Michael Turner  
Signature

Partner  
Title

Janice P. Hayes  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

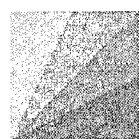
\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# **BAYSHORE PARTNERS, LLC**

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FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007



# **MBAF**

**MORRISON BROWN ARGIZ & FARRA, LLP**

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## BAYSHORE PARTNERS, LLC

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Members  
Bayshore Partners, LLC

We have audited the accompanying statements of financial condition of Bayshore Partners, LLC (the "Company") as of December 31, 2008 and 2007, and the related statements of income, changes in members' equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayshore Partners, LLC at December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Morrison Brown, Argiz & Farrar, LLP*

Fort Lauderdale, Florida  
February 26, 2009

**BAYSHORE PARTNERS, LLC**

**STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31,**

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
CURRENT ASSETS		
Cash	\$ 404,791	\$ 349,433
Accounts receivable	<u>40,000</u>	<u>20,000</u>
TOTAL ASSETS	<b><u>\$ 444,791</u></b>	<b><u>\$ 369,433</u></b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
CURRENT LIABILITIES		
Accrued expenses – related party	\$ 195,553	\$ 187,790
Accrued expenses – other	<u>19,000</u>	<u>16,000</u>
TOTAL LIABILITIES	214,553	203,790
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY	<u>230,238</u>	<u>165,643</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<b><u>\$ 444,791</u></b>	<b><u>\$ 369,433</u></b>

The accompanying notes are an integral part of these financial statements.

**BAYSHORE PARTNERS, LLC**

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STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31,

	2008	2007
REVENUE		
Advisory fee income	\$ 2,920,808	\$ 3,321,349
Other income	<u>3,436</u>	<u>39,867</u>
TOTAL REVENUE	<u>2,924,244</u>	<u>3,361,216</u>
EXPENSES		
Overhead reimbursement – related party	2,805,868	3,235,591
Professional fees	34,731	46,264
Regulatory expenses	18,960	17,209
Miscellaneous expenses	<u>90</u>	<u>110</u>
TOTAL EXPENSES	<u>2,859,649</u>	<u>3,299,174</u>
NET INCOME	<u>\$ 64,595</u>	<u>\$ 62,042</u>

The accompanying notes are an integral part of these financial statements.

**BAYSHORE PARTNERS, LLC**

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STATEMENTS OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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MEMBERS' EQUITY – JANUARY 1, 2007	\$ 103,601
NET INCOME	<u>62,042</u>
MEMBERS' EQUITY – DECEMBER 31, 2007	165,643
NET INCOME	<u>64,595</u>
MEMBERS' EQUITY – DECEMBER 31, 2008	<u><b>\$ 230,238</b></u>

The accompanying notes are an integral part of these financial statements.



**BAYSHORE PARTNERS, LLC**

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**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	<u>\$ 64,595</u>	<u>\$ 62,042</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(20,000)	31,332
Prepaid expenses	-	18,504
Accrued expenses	<u>10,763</u>	<u>190,790</u>
TOTAL ADJUSTMENTS	<u>(9,237)</u>	<u>240,626</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH	<u>55,358</u>	<u>302,668</u>
CASH - BEGINNING OF YEAR	<u>349,433</u>	<u>46,765</u>
CASH - END OF YEAR	<u><b>\$ 404,791</b></u>	<u><b>\$ 349,433</b></u>

The accompanying notes are an integral part of these financial statements.

## **BAYSHORE PARTNERS, LLC**

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### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007**

#### **1. ORGANIZATION**

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Bayshore Partners, LLC (the "Company") is a Florida limited liability company based in Fort Lauderdale, Florida. The Company was organized to operate as a registered broker/dealer in securities in the United States of America and provides merger and acquisition advisory services to shareholders and owners of companies as well as engages in the distribution of debt and equity securities of corporations and other entities through the private placement of such securities on a best efforts basis. The Company is a registered broker dealer with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"), formerly the National Association of Securities Dealers, Inc. ("NASD").

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **Basis of Financial Statement Presentation**

The accounting policies and reporting practices of the Company conform to the predominant practices in the broker-dealer industry and are in accordance with accounting principles generally accepted in the United States of America.

##### **Government and Other Regulation**

The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

##### **Cash and Cash Equivalents**

The Company considers investments with an original maturity of three months or less to be cash equivalents. Financial instrument which potentially subject the Company to concentration of credit risk consist principally of cash deposits in excess of FDIC insured limit of \$250,000. At times, such balances exceed these insured limits.

##### **Revenue Recognition**

Advisory fee income is recorded as earned based on agreed-upon terms with the Company's clients. Commission income and related clearing expenses are to be recorded in the accounts on a trade date basis.

##### **Income Tax**

The Company files its income tax return as a partnership for federal income tax purposes and accordingly, generally would not incur income taxes. Instead, its earnings and losses are included in the personal tax returns of the members' and taxed depending on the members' personal tax situation. As a result, the financial statements do not reflect a provision for income taxes.

In the unlikely event an uncertain tax position existed in which the Company could incur income taxes, management would evaluate whether there is a probability that the uncertain tax position taken would be sustained upon examination by a taxing authority. Reserves for uncertain tax positions would then be recorded if management determined it is probable either a position would not be sustained upon examination or if a payment would have to be made to a taxing authority and the amount was reasonably estimable. As of December 31, 2008, the Company does not believe it has any uncertain tax positions which would result in the Company having a liability to a taxing authority.

## **BAYSHORE PARTNERS, LLC**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007**

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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### **Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that might affect certain reported amounts and disclosures in the financial statements and accompanying notes during the reporting period. Accordingly, actual results could differ from those estimates.

### **Concentration of Credit Risk**

Advisory fee income from the Company's largest customer accounted for approximately 38% and 34% of total income for the years ended December 31, 2008 and 2007, respectively. The balance receivable from one customer at December 31, 2008 and 2007 amounted to \$40,000 and \$20,000, respectively.

### **Recently Issued Accounting Pronouncements**

#### **Fair Value Measurements**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", which defines fair value, and disclosures about fair value measurements required under other accounting pronouncements. SFAS No. 157 does not change existing guidance as to whether or not an instrument is carried at fair value and is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Position No. FAS 157-1 (FSP FAS 157-1), which excludes SFAS No. 13, "Accounting for Leases", and certain other accounting pronouncements that address fair value measurements under SFAS No. 13, from the scope of SFAS No. 157.

In February 2008, the FASB issued FASB Staff Position No. 157-2 (FSP 157-2), which provides a one-year delayed application of SFAS No. 157 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption of this statement is not expected to have an impact on the Company's financial statements.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, "Determining the Fair Value of a Financial Asset in a Market That Is Not Active" (FSP 157-3), which clarifies the application of SFAS No. 157 when the market for a financial asset is inactive. Specifically, FSP 157-3 clarifies how (1) management's internal assumptions should be considered in measuring fair value when observable data are not present, (2) observable market information from an inactive market should be taken into account, and (3) the use of broker quotes or pricing services should be considered in assessing the relevance of observable and unobservable data to measure fair value. The guidance in FSP 157-3 is effective immediately and will apply to the Company upon adoption of SFAS No. 157.

#### **The Fair Value Option for Financial Assets and Financial Liabilities**

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 did not have an impact on the Company's consolidated financial statements since the Company elected not to adopt the statement.

## BAYSHORE PARTNERS, LLC

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008 AND 2007

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### Recently Issued Accounting Pronouncements (Continued)

##### The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles in the United States of America (GAAP) for nongovernmental entities. Prior to the issuance of SFAS No. 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". SFAS No. 162 is effective November 15, 2008. The adoption of SFAS No. 162 did not have an impact on the Company's financial statements.

#### 3. NET CAPITAL REQUIREMENT

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The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires that the Company maintain "Net Capital" equal to the greater of \$5,000 or 6 2/3% of "Aggregate Indebtedness", as defined, and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At December 31, 2008 and 2007, the Company's "Net Capital" was \$190,238 and \$145,643, respectively, and the "Required Net Capital" was \$14,304 and \$13,856, respectively. At December 31, 2008, the Company's ratio of aggregate indebtedness to Net capital was 1.13 to 1 and 1.40 to 1, respectively.

#### 4. RELATED PARTY TRANSACTIONS

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The Company is party to a Services Agreement with a company under common ownership ("related party") effective August 2005. Under this agreement, the Company reimburses the related company for overhead and salaries for shared personnel at the stated rate. For the years ended December 31, 2008 and 2007, the Company paid approximately \$1,200,000 and \$778,000, respectively for reimbursement of overhead and salaries. Effective June 19, 2006, the Services Agreement was amended to include that additional service fees are payable by the Company to the related party based on 85% of the monthly adjusted net operating income, as defined. For the year ended December 31, 2007, no fees were charged if there was a loss in a month. For the year ended December 31, 2008, The Company and the related party clarified the manner by which the additional service fees are calculated under the Services Agreement. Additional services fees will apply only when the Company's adjusted monthly net operating income, as defined, equals or exceeds \$75,000.

For the years ended December 31, 2008 and 2007, these additional service fees amounted to approximately \$1,606,000 and \$2,458,000, respectively. This reimbursement of overhead, salaries and additional services fees are included in the overhead reimbursement - related party expense in the accompanying statements of income. Included in the accompanying statements of financial condition is an accrued liability in the amount of approximately \$196,000 and \$188,000 relating to this services agreement as of December 31, 2008 and 2007, respectively.

In January, 2009, the related party entered into a \$150,000 line of credit facility with a lender. The Company is a guarantor on the line of credit.

## SUPPLEMENTAL SCHEDULES

**BAYSHORE PARTNERS, LLC**

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**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2008**

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CREDITS	
Members' equity	<u>\$ 230,238</u>
DEBITS	
Accounts receivable	<u>40,000</u>
TOTAL DEBITS	<u>40,000</u>
NET CAPITAL	190,238
MINIMUM NET CAPITAL REQUIREMENT 6-2/3%	
OF AGGREGATE INDEBTEDNESS OF \$214,553	
OR \$5,000, WHICHEVER IS GREATER	<u>14,304</u>
EXCESS NET CAPITAL	<u>\$ 175,934</u>
Excess Net Capital @ 1000%	<u>\$ 168,783</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>1.13 to 1</u>
SCHEDULE OF AGGREGATE INDEBTEDNESS	
Accrued expenses	<u>\$ 214,553</u>

**BAYSHORE PARTNERS, LLC**

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**SCHEDULE II**  
**RECONCILIATION OF COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION TO COMPANY'S**  
**CORRESPONDING UNAUDITED FORM X-17a-5, PART II FILING**  
**AS OF DECEMBER 31, 2008**

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NET CAPITAL PER COMPUTATION, ON PAGE 10	\$ 190,238
Audit adjustments	<u>116,993</u>
NET CAPITAL PER COMPUTATION INCLUDED IN THE COMPANY'S UNAUDITED FORM X-17a-5, PART IIA FILING	<u>\$ 73,245</u>

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**SCHEDULE III**  
**STATEMENT ON EXEMPTION FROM THE COMPUTATION FOR DETERMINATION**  
**OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO POSSESSION**  
**OR CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE SECURITIES AND**  
**EXCHANGE COMMISSION AS OF DECEMBER 31, 2008**

In accordance with the exemptive provisions of SEC Rule 15c3-3, especially exemption k(2)(ii), the Company is exempt from the computation of reserve requirements and the information relating to the possession or control requirements. During 2008, the Company did not provide services to warrant the maintenance of such account.

## SUPPLEMENTARY REPORT



**REPORT ON INTERNAL CONTROL REQUIRED BY  
SECURITIES AND EXCHANGE COMMISSION RULE 17a-5(g)(1)  
FOR A BROKER-DEALER CLAIMING AN EXEMPTION  
FROM SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3**

To the Members  
Bayshore Partners, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Bayshore Partners, LLC (the "Company") as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Members  
Bayshore Partners, LLC  
Page Two

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Morrison, Brown, Ariz & Furr, LLP*

Fort Lauderdale, Florida  
February 26, 2009